

NEW YORK STATE
DEPARTMENT OF TRANSPORTATION

DIRECT COST REPORT

I _____, INC.
(filing _____)

(PRIME CONSULTANT)

ASSIGNMENT NO. 1. _____

<u>CONTRACT NO.</u>	<u>PIN</u>	<u>ESTIMATE NOS.</u>	<u>PERIOD</u>	<u>REPORT TYPE</u>
	_____	1 - 89	11/03/95-09/24/04	FINAL

DV DADIA VALLES VENDIOLA LLC

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DIRECT COST REPORT
ASSIGNMENT NO. 1
CONTRACT NO. D

Y, INC.

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**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

**Contract Audit Bureau
State of New York
Department of Transportation
Albany, New York**

Re: Assignment No. '

We have performed the procedures enumerated below, which were agreed to by the New York State Department of Transportation ("NYSDOT") Contract Audit Bureau, solely to assist NYSDOT to determine if the costs and fees submitted by _____ Inc.'s ("Consultant") under Contract No. _____ for the period November 3, 1995 through September 24, 2004 are allowable based on contract provisions, the Federal Acquisition Regulations (48 CFR, Part 31) (FAR) and the policies prescribed by NYSDOT. The procedures were performed in accordance with the attestation standards issued by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of NYSDOT. Consequently, we make no representation regarding the sufficiency of these procedures either for the purpose for which this report has been requested or for any other purpose. The procedures performed with the corresponding results are summarized as follows:

1. Planning

- a. Ascertained that the original contract, supplementary agreements, maximum salary rates, overhead rates and other pertinent documents are complete were in order.

Results: Relevant documents were reviewed and found to be complete and in order.

- b. Reviewed audit history of the Consultant from NYSDOT files as well as the Firm's audit files.

Results: There were no significant audit findings that could change the risk profile.

- c. Requested the Consultant to provide a summary of billings and ascertained that the invoices and supporting documents are on file.

Results: The Consultant submitted the summary of billings. The invoices and supporting documents were made available on all samples selected and the Consultant ascertained that all other invoices and supporting documents are on file.

- d. Obtained a copy of and reviewed the project manager's acceptance letter.

Results: Project manager's acceptance letter was in order.

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**
(continued)

2. Summary of Billings

Compared the summary of billings prepared by the Consultant with the NYSDOT payments.

Results: Both the billing summary and payments showed an amount of \$2,515,027.

3. Sample Selection

Selected sample invoices for testing of direct technical salaries (DTS) and direct non-salary costs (DNSC).

Results: Result of testing is discussed in detail in the succeeding sections.

4. Direct Technical Salaries

- a. Determined whether the titles or positions of employees billed as direct labor conformed with the titles or positions in the salary schedule per contract.
- b. Determined that the salary rates billed by the Consultant for each title did not exceed the maximum hourly salary rates specified in the contract.
- c. Determined that the number of hours billed as direct labor was supported by approved time sheets.

Results: For invoices tested, (1) titles billed conformed with titles in contract; (2) salary rates billed did not exceed maximum salary rates per contract; and (3) number of hours billed were traced to approved time sheets.

5. Direct Non-salary Costs (Expendable and non-expendable)

Determined if costs billed by the Consultant were in accordance with the contract provision.

Results: Charges claimed were in accordance with contract provision and duly supported.

6. Overhead

Determined the recommended overhead allowance. Compared the recommended amount to the amount billed and adjusted, as required.

Result: The Consultant's overhead costs were adjusted based on the application of appropriate overhead rates under Schedule A – Schedule of Costs and Fees Billed.

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**
(continued)

7. Fixed Fee

Determined that the billed fixed fee did not exceed the amount provided for in the contract and was computed in accordance with the provisions of the contract.

Result: A \$400 adjustment was made due to excess billing against maximum allowable amount.

8. Specific Hourly Rates (SHR)

- a. Determined whether the titles or positions of employees billed to conform with the titles or positions in the salary schedule per contract.
- b. Determined that the salary rates billed by the Consultant for each title did not exceed the maximum hourly salary rates specified in the contract.
- c. Determined that the number of hours billed was supported by approved time sheets.
- d. Determined that the total charges did not exceed maximum allowable.

Result: For invoices tested, (1) Titles billed conformed with titles in contract; (2) Salary rates billed did not exceed maximum SHR rates per contract; (3) Number of hours billed were traced to time sheets; (4) Total charges did not exceed MAP. In addition, the Consultant billed all of its cost using the cost-plus fixed fee method. Reclassification entry was made to effect claim using SHR method totaling \$1,002,414.

9. Claims by Subconsultants

Determined whether subconsultant billings complied with the contract provisions including maximum overhead rates and fixed fee.

Results: No adjustments were made to the subconsultants since audit waiver has already been issued by NYSDOT.

10. Efficiency Incentive Payment

Determined whether Efficiency Incentive Payments (EIP) billed by the prime consultants and sub-consultants were in accordance with contract provisions.

Results: No EIP was billed on the final invoice.

11. Maximum Amount Payable

Determined whether the total costs billed were within the maximum amount payable.

Results: Total submitted costs were within the maximum amount payable.

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**
(continued)

12. Discussion of Findings

Discussed significant findings with the prime consultant and subconsultants.

Results: Significant findings were discussed with the prime consultant. Consultant sign-off was obtained. No copy of this report was provided to the subconsultants since audit waiver has already been issued by NYSDOT.

Accordingly, the agreed upon procedures disclosed adjustments as presented in Schedule A – Schedule of Costs and Fees Billed.

We were not engaged to, and did not perform an audit, the objective of which is the expression of an opinion on the schedule of costs and fees billed of Parsons Transportation Group of NY, Inc. for Contract No. D008615. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of NYSDOT, Contract Audit Bureau and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Parsons Transportation Group of NY, Inc.
Elmhurst, New York
November 17, 2011

New York State Department of Transportation
F - Inc.

Assignment: 10-

Contract: 1000

Schedule of Costs and Fees Billed
For the period November 3, 1995 through September 24, 2004

<u>COST ELEMENTS</u>	<u>AS SUBMITTED</u>	<u>ADJUSTMENTS</u>	<u>AS RECOMMENDED</u>
Direct Technical Salaries	\$ 833,663	\$ (389,720) ^(a)	\$ 443,943
Direct Non-Salary Costs (Expendable)	134,976	-	134,976
Direct Non-Salary Costs (Non-expendable)	75,912	-	75,912
Overhead	1,105,405	(514,963) ^(a)	582,226
		(8,216) ^(b)	
Fixed Fee	189,631	(97,731) ^(a)	91,500
		(400) ^(c)	
Specific Hourly Rate	-	1,002,414 ^(a)	1,002,414
SUB-TOTAL	2,339,587	\$ (8,616)	2,330,971
Subconsultants:			
IE	41,770	-	41,770
C	33,185	-	33,185
Costs of other consultants	8,700	-	8,700
Subtotal	91,785	-	91,785
TOTAL	\$ 2,515,027	\$ (8,616)	\$ 2,506,411
MAXIMUM AMOUNT PAYABLE (MAP)			\$ 2,516,000

^aSeized operations in 2000

The accompanying notes are an integral part of this schedule

New York State Department of Transportation
, Inc.

Assignment: 1

Contract: C

Schedule of Costs and Fees Billed
For the period November 3, 1995 through September 24, 2004

- (a) To reclassify billings made by using the cost-plus fixed fee method that should have been made through specific hourly rates.

Direct Technical Salaries

<u>Period</u> <u>Covered</u>	<u>Estimate No.</u>	<u>As</u> <u>Submitted</u>	<u>Reclass</u>	<u>As Adjusted</u>
12/31/1996	1 - 11	\$ 105,408	\$ -	\$ 105,408
12/31/1997	12 - 16	9,975	-	9,975
12/31/1998	17 - 24	135,008	-	135,008
12/31/1999	25 - 35	79,891	-	79,891
12/31/2000	36 - 45	64,436	-	64,436
12/31/2001	46 - 58	187,460	(138,235)	49,225
12/31/2002	59 - 70	170,526	(170,526)	-
12/31/2003	71 - 81	69,074	(69,074)	-
9/24/2004	82 - 89	11,885	(11,885)	-
	TOTAL	\$ 833,663	\$ (389,720)	\$ 443,943

Overhead

<u>Period</u> <u>Covered</u>	<u>Estimate</u> <u>No.</u>	<u>As</u> <u>Submitted</u>	<u>Reclass</u>	<u>As</u> <u>Adjusted</u>
12/31/1996	1 - 11	\$ 140,192	\$ -	\$ 140,192
12/31/1997	12 - 16	13,267	-	13,267
12/31/1998	17 - 24	179,561	-	179,561
12/31/1999	25 - 35	106,254	-	106,254
12/31/2000	36 - 45	85,700	-	85,700
12/31/2001	46 - 58	249,321	(183,853)	65,468
12/31/2002	59 - 70	226,802	(226,802)	-
12/31/2003	71 - 81	89,333	(89,333)	-
9/24/2004	82 - 89	14,975	(14,975)	-
	TOTAL	\$ 1,105,405	\$ (514,963)	\$ 590,442

New York State Department of Transportation
Inc.

Assignment: 1

Contract: D

Schedule of Costs and Fees Billed
For the period November 3, 1995 through September 24, 2004

Fixed Fee

<u>Period Covered</u>	<u>Estimate No.</u>	<u>As Submitted</u>	<u>Reclass</u>	<u>As Adjusted</u>
12/31/1996	1 - 11	\$ 20,400	-	\$ 20,400
12/31/1997	12 - 16	-	-	-
12/31/1998	17 - 24	38,800	-	38,800
12/31/1999	25 - 35	17,865	-	17,865
12/31/2000	36 - 45	11,109	-	11,109
12/31/2001	46 - 58	47,631	(43,906)	3,725
12/31/2002	59 - 70	35,594	(35,594)	-
12/31/2003	71 - 81	18,231	(18,231)	-
9/24/2004	82 - 89	-	-	-
TOTAL		\$ 189,630	\$ (97,731)	\$ 91,899

- (b) To adjust overhead billing of applied rates, as follows:

using

<u>Period Covered</u>	<u>Est. No.</u>	<u>Adjusted DTS</u>	<u>Applied Rate (Note 3)</u>	<u>Adjusted Overhead</u>
FYE			(Lower of A and B)	
12/31/1996	1 - 11	\$ 105,408	127%	\$ 133,868
12/31/1997	12 - 16	9,975	127%	12,668
12/31/1998	17 - 24	135,008	135%	182,261
12/31/1999	25 - 35	79,891	128%	102,260
12/31/2000	36 - 45	64,436	133%	85,700
10/26/2001	46 - 56	49,225	133%	65,469
Total		\$ 443,943		\$ 582,226
			Billed Overhead	590,442
			Under (Over) Billing	\$ (8,216)

- (c) To adjust billed fixed fee in conformity with the maximum allowable amount.

Per Contract	\$ 91,500
Per Billing	91,900
Under (Overbilling)	<u>\$ (400)</u>

New York State Department of Transportation

P:

Assignment: 1

Contract: D

Notes to Schedule of Costs and Fees Billed

1. Background

As required by the New York State Department of Transportation (NYSDOT), cost reimbursements paid under Contract No. _____ awarded to _____, Inc. (Company), have been subjected to agreed-upon procedures by Dadia Valles Vendiola LLP.

Contract No. _____ was a Cost-Plus-Fixed Fee (CPFF) type of reimbursement up to Supplemental Agreement No. 4 and was revised to Specific Hourly Rate (SHR) in Supplemental Agreement No. 5.

The agreement covers the survey and design for the _____ project.

2. Basis of Accounting and Presentation

The determination of costs submitted by _____, Inc. under Contract No. _____ with NYSDOT used the accrual basis of accounting.

The accompanying schedule of billed costs and fee was prepared in conformity with policies prescribed by NYSDOT under the above-mentioned contract and between NYSDOT and _____, Inc. It is not intended to be a full financial statement presentation in conformity with accounting principles generally accepted in the United States of America. These accounting practices and policies provide guidance in determining reimbursable costs under cost reimbursement type of contracts and include definitions of reasonableness, allocability and allowability of costs.

3. Overhead Rates

The maximum rates provided in the contract were based on the original and supplemental agreements and include the type of rate to be used (e.g. combined, office or field).

For the primary consultant, the applied rate was derived from the lesser of the contract maximum rate and the pre-award rate. If audited or pre-award rates were not available, submitted rates were used but not to exceed maximum overhead rate.

New York State Department of Transportation

F

C.

Assignment: 1

Contract: D

Notes to Schedule of Costs and Fees Billed

Following are the overhead rates used in computing the applied rate:

Prime Consultant:Maximum

<u>Agreement</u>	<u>Funds utilized</u>	<u>MAP</u>	<u>Maximum Overhead rates</u>
Original	Up to	\$500,000	133%*
SA1	Up to	\$870,000	135% (O)
SA2	Up to	\$1,020,000	133% (C)
SA3	Up to	\$1,230,000	133% (C)
SA4	Up to	\$1,462,000	133% (O)

*Rate type not specified in contract

Submitted/Audited

<u>Fiscal Y/E</u>	<u>Overhead Rates</u>			<u>Assignment #</u>	<u>Type</u>
	<u>Combined</u>	<u>Field</u>	<u>Office</u>		
12/31/1996	127%	94%	138%	CONR 385	Submitted
12/31/1997	n/a	91%	151%	98-01-0113	Pre-award
12/31/1998	n/a	93%	145%	99-01-0102	Pre-award
12/31/1999	128%	86%	145%	00-16-0007	BPA
12/31/2000	127%	96%	146%	00-16-0007	BPA
12/31/2001	118%	89%	133%	06-02-0042	Limited Review

4. Project Identification Number

The Project Identification Number (PINs) for this contract and the distribution of billed costs and fee per PIN are as follows:

<u>PIN</u>	<u>As</u>		
	<u>As Submitted</u>	<u>Adjustments</u>	<u>Recommended</u>
5804.08.121	\$ 1,775,226	\$ (1,287,932)	\$ 487,294
5804.08.122	-	378,235	378,235
5804.08.123	739,801	901,081	1,640,882
TOTAL	\$ 2,515,027	\$ (8,616)	\$ 2,506,411

There were no non-participating or federal-aid ineligible costs billed under this contract.

New York State Department of Transportation

Assignment: 10-00-0000

Contract: E-000000

Notes to Schedule of Costs and Fees Billed

5. Audit Appeal Process

The Commissioner of Transportation has designated the Office of Proceedings to hear and determine an appeal from the findings of this audit. To file an appeal, the following requirements must be met:

- a. The appeal must be submitted by the prime in writing and must set forth, with particularity, the reasons why the audit's findings are improper. The appeal should consist of not more than three pages.
- b. The appeal shall be filed with the Director of the Office of Audit, 50 Wolf Road, 6th Floor, Albany, NY 12232, within thirty (30) days from the date the Final Audit Report is transmitted to the Appellant. If the appeal is timely submitted, the Director of the Audit and Civil Rights Division will forward the matter to the Office of Proceedings.

Upon receipt of the appeal, the Office of Proceedings will assign an Administrative Law Judge (ALJ). The Consultant or Subconsultant may request the ALJ to schedule a conciliation conference to assist the parties in reaching a mutually agreeable resolution of the dispute. If the matter is resolved as a result of such conciliation conference, the ALJ shall incorporate the terms of such resolution in a final written determination.

If the matter is not resolved or if a conciliation conference is not requested, the ALJ shall schedule a formal hearing where evidence is recorded in the same fashion as in a court proceeding, provided, however, that strict compliance with the rules of evidence shall not be required. The ALJ shall preside over and control the course of the hearing and shall determine the admissibility, relevance and materiality of the evidence offered. You will have the right to be represented by counsel and to present your case supporting your appeal by oral testimony or documentary evidence and to offer such rebuttal evidence and conduct such cross examination as may be permitted by the ALJ in order to obtain full and complete disclosure of all relevant facts. You have the burden of going forward and presenting evidence that the audit findings were improper. The Department's Contract Audit Bureau shall then have the opportunity to present evidence establishing a rational basis for a determination that the audit findings were proper.